

## A STUDY OF E-FILLING OF INCOME TAX RETURN IN INDIA

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### **Abstract**

In the present world, new technologies are introduced in all fields. The new technology gifted to a tax payer for filing their Income Tax Returns is e-filing. The e-governance has developed the concept of e-filing of Income Tax Returns through the internet. Thus the IT department has expedited the tax payers with defining the provisions to be followed, which can be filed and the procedure to file Income Tax returns for the benefit of income tax payers as well as the government. The present study is to know the scenario of income tax due to implementation of e-filing. The study clearly shows that India is in the phase of revolutionary changes in information technology which also gives great advancement in e-filing field of income tax department. It has highlighted the benefits and challenges of such a system.

**Keywords:** Technology, tax return, income tax, e-filing etc.

### **INTRODUCTION**

Income tax is an annual tax on income. The Indian Income Tax Act (Section 4) provides that in respect of the total income of the previous year of every person, income tax shall be charged for the corresponding assessment year at the rates laid down by the finance Act for that assessment year. Section 14 of the Income Tax Act further provides that for the purpose of charge of income tax and computation of total income all income shall be classified under the following heads of income: salaries, income from house property, profits and gains of business or profession, capital gains, income from other sources. The total income from all the above heads of income is calculated in accordance with the provisions of the Act as they stand on the first day of April of any assessment year. The Income Tax Department is responsible for all activities related to the taxation process. The Income Tax Department is governed by the Central Board for Direct Taxes (CBDT) and is part of the Department of Revenue under the Ministry of Finance, Government of India. The department desired a system that would make the process of filing of income tax returns (ITRs) easier for taxpayers as well as reduce the time required for data entry at their end on receipt of the ITRs. Electronically filing of ITRs was the most viable answer to the department's needs. While the facility would be beneficial to the taxpayers, the department had to create an environment wherein the user would feel secure about filing his ITRs online. e - Filing helped furnishing ITRs through authorized intermediaries who were called "e-Return Intermediaries". Response time for processing the ITRs as well as claiming refund dropped significantly. Duplication of efforts was eliminated since data entered by intermediaries was already available in the system for any time use and reference. The online process did not require the taxpayers to be physically present for filing their ITRs. This paper deals with the importance and awareness of e-filing among the citizens of the country.

### **Electronic Filing of Return (E-Filing)**

The process of submitting tax returns over the Internet, using tax preparation software that has been pre-approved by the relevant tax authority,

usually without the need to submit any paper documents. “e - File is the term for electronic filing, or sending your ITR from tax software via the Internet to the tax authority”. E-filing of Income Tax Return Online refers to the process of filing Income Tax Return electronically. Nobody have to stand in long queues to file income tax returns. Customized return forms have been derived by the Income Tax Authority which is available on the site of the Department. These forms have been devised with such details that tax payers need not file any supporting document along with. Return is submitted electronically at the site. The E-Filing facility was introduced by the Income Tax Department for the first time during assessment year 2006-07. CBDT has vide notification No. 34/2013 dated 01.05.2013 has made it mandatory for the following category of the Assesses to file their Income Tax Return Online from A.Y. 2013-14 :-

(a) It is mandatory for every person (not being a co. or a person filing return in ITR 7) to e-file the return of income if its total income exceeds INR. 5,00,000.

(b) An individual or a Hindu undivided family, being a resident, having assets (including financial interest in any entity) located outside India or signing authority in any account located outside India and required to furnish the return in Form ITR-2 or ITR-3 or ITR-4, as the case may be.

(c) Every person claiming tax relief under Section 90, 90A or 91 shall file return in electronic mode.

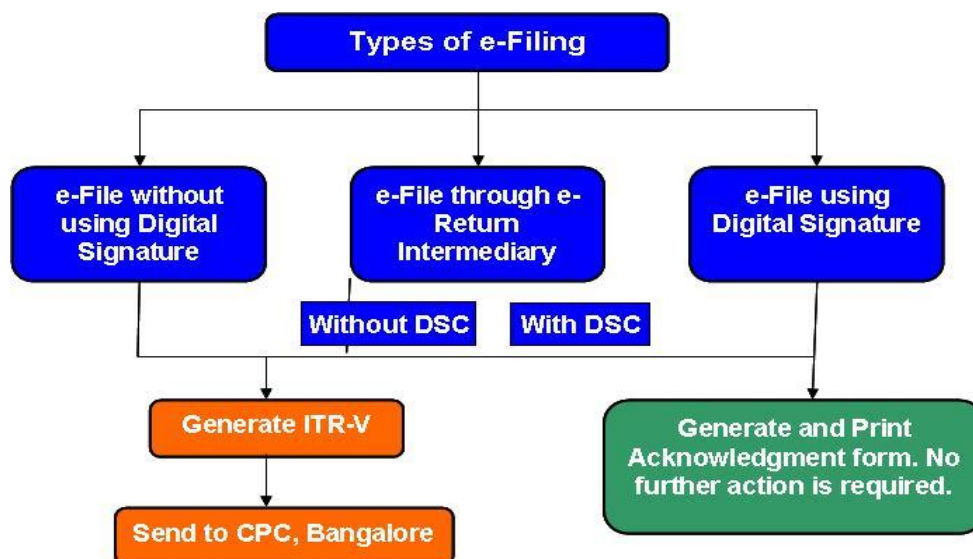
(d) Those who are required to get their Account under Section 44AB

(e) A firm required to furnish the return in Form ITR-5 or an individual or Hindu Undivided Family (HUF) required to furnish the return in Form ITR-4 and to whom provisions of section 44AB are applicable.

(f) A company required to furnish the return in Form ITR-6

### Procedure for E-filing or How to File Your Income Tax Return Online

The income-tax department has started an independent portal for e-filing tax returns — [www.incometaxindiaefiling.gov.in](http://www.incometaxindiaefiling.gov.in). As per the procedure, Returns can be e-filed either with or without a digital signature. Those who e-file returns without a digital signature need to take a copy of form ITR-V, sign it and send it within a specified period (120 days) to a specified address (Income Tax Department – CPC, Post Bag No. 1, Electronic City Post Office, Bengaluru-560100, Karnataka) by ordinary or speed post. In case the return has been filed with digital signatures you need to send the ITR-V by post.



## Benefits of E-Filing

- Prompt processing

The acknowledgment of Income Tax Return (ITR) is quick. More importantly, refunds, if any, are processed faster than paper-filed returns.

- Better accuracy

E-filing software with built-in validations and electronic connectivity is seamless and minimizes errors considerably. Paper-filings can be prone to errors. Also, when any paper-based form is migrated to the electronic system, there is a possibility of human error in data entry.

- Convenience

No time and place constraint in filing returns online. E-filing facility is available 24/7 and you can file anytime, anywhere at your convenience.

- Confidentiality

Better security than paper filings since your data is not accessible to anyone either by design or by chance. With paper filings details of your income can fall in the wrong hands at your chartered accountant's office or in the Income Tax Department's office.

- Accessibility to past data

You can easily access past data while filing returns. Most e-filing applications store data in a secure manner and allow for easy access at the time of filing subsequent returns.

- Proof of receipt

You get prompt confirmation of filing, both at time of filing and subsequently, via email on your registered email id

- Ease of use

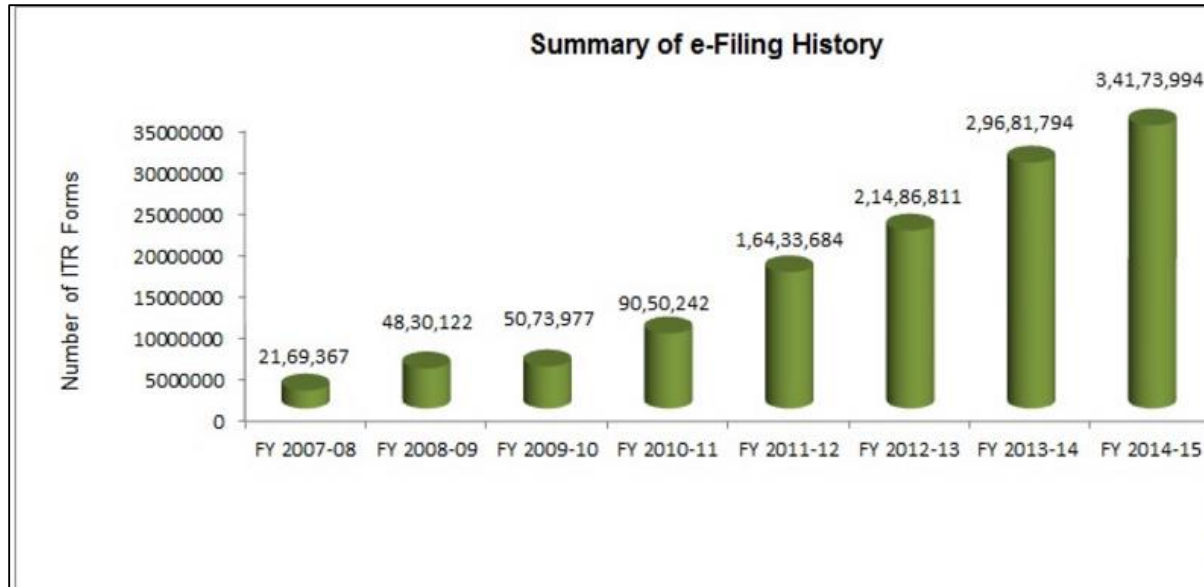
E-filing is friendly and the detailed instructions make it easy even for individuals not very conversant with the internet

- Electronic banking

Convenience of direct deposit for refund and direct debit for tax payments. You have the option to file now, pay later - decide what day to debit your bank account for tax payment, among other convenience features.

**Table 1: Scenario of E-Return**

Sr. No	Year	No of E-Return Filled	Percent increase in E-return
1	2007-08	2169367	0
2	2008-09	4830122	122
3	2009-10	5073977	5
4	2010-11	9050242	78
5	2011-12	16433684	81
6	2012-13	21486811	31
7	2013-14	29681794	38
8	2014-15	34173994	15



As above trends reflect that Indian tax payers are also moving towards electronic era. In the introduction year about 22 lakh persons electronically file their returns. 122 Percent increase in number of persons filing electronically their return showed the rapid change in mind set of peoples India. After that every year the persons filing their return electronically is continuously increasing, in some years due to lack of awareness this percentage is very less but due to initiatives of central government as well as income tax department every year a large number of peoples are switching paper based return and adopting E-Return.

## CONCLUSION

E-Return filing is getting popularity in the country. Many researchers have highlighted the importance of perceived risk associated with E-Return. But there are many benefits of filling return electronically. It enables citizens to file anytime from anywhere, reduce requirement of physical space, accuracy of data ensured, and Enable faster processing of returns. However there are many challenges regarding adoption of e-filing by mass population. The main challenge is risk of security. Security includes confidentiality of data received through E-Return and Integrity of data maintained in proper manner so that no one can alter data received through E-return. Income tax department done a lot to aware peoples but still there is need to promote e-filing campaigning and enhance some job opportunities as TRPs in the society so that people become more aware about this new opportunity. So importance should be given to security of private data of customers, so that more and more people electronically file their returns also some awareness drives should be arranged by tax department and also social media can be used motivate peoples to file their return electronically.

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